



DEFENSE FINANCE AND ACCOUNTING SERVICE  
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NOV 17 2004

DFAS-DOP

MEMORANDUM FOR DIRECTOR, CONTINUING GOVERNMENT ACTIVITY, DEFENSE  
FINANCE AND ACCOUNTING SERVICE (DFAS-PDO/CL)

SUBJECT: Interim Change to the Department of Defense Financial Management  
Regulation (DoDFMR), Volume 7B, Regarding Payment of Dependency and  
Indemnity Compensation (DIC) and Remarriage After Age 57 (DFAS Item N-15)

Attached is Interim Change Number **R-11 04** to the DoDFMR, Volume 7B. Public Law 108-183, Section 101 provides that remarriage of a surviving spouse of a veteran after age 57 shall not bar the payment of DIC to the spouse. This change is effective December 16, 2003.

We have evaluated your comments on the proposed change and included your comments where appropriate. Assignment of the interim change number is your authority to initiate a procedural modification to implement this change. Use the attached to initiate the formal change to the DoDFMR, Volume 7B.



Lydia Moschkin  
Director, Policy

Attachment:  
As stated

cc:  
DFAS-GA/CL  
DUSD(MPP)(Comp)  
ODGC(F)  
OUSD (C)(ODCPO)(FP)  
Service Liaisons  
USCG/NOAA/PHS Liaisons

**1. Revise paragraph 460202 to read;**

**460202. Dependency and Indemnity Compensation (DIC) Offset.** The Department of Veterans Affairs (DVA) determines entitlement and the amount of the DIC award. DIC rates are listed in Appendix L. DIC rates were based on pay grade of member until January 1, 1993. Effective January 1, 1993, DIC is payable at a flat-rate, cost-of-living adjusted. The survivors of members who died before January 1, 1993, continue to receive DIC rates based on pay grade, if it exceeds the flat-rate. The award is effective the first day of the month in which the retiree dies. The DIC payment begins on the first day of the month after the effective date of the award. The SBP annuity is reduced by the amount of the DIC as of the date on which the DIC payment begins. The DIC offset equals the actual DIC payment the spouse receives and it increases each time DIC rates increase. For offset purposes, the DIC entitlement does not include any amount attributable to child entitlement or aid and attendance. Payment of the SBP annuity is not withheld or delayed pending verification of the DIC award if the annuitant signs a statement authorizing the DVA to collect any overpayment that results from the overlap of the DIC and SBP payments. Public Law 108-183, Section 101, December 16, 2003, (Veterans Benefits Act of 2003) provides that a remarriage of a surviving spouse of a veteran after age 57 shall not bar the payment of DIC to which such spouse was previously entitled. See subparagraph 460202.D.3. below.

**2. Revise subparagraphs 460202.D and 460202.D.1 to read:**

**D. Reintatement of SBP Annuity Due to Loss of DIC Entitlement and Remarriage After Age 55.**

1. If the spouse whose SBP annuity entitlement was adjusted under subparagraphs 460202.A, or B, above, subsequently loses entitlement to DIC due to remarriage after age 55, but before age 57, the annuity is reinstated under conditions specified in subparagraph 460202.D.2 below effective on the date of the loss of DIC entitlement. The reinstated annuity is adjusted to reflect all authorized cost-of-living adjustments. If the spouse should again become eligible for DIC, a second refund is not authorized if the spouse received any annuity payments. See subparagraph 460202.D.3 below regarding remarriage after age 57.

**3. Add the following new subparagraph 460202.D.3 to read:**

3. In accordance with Public Law 108-183, section 101, effective December 16, 2003, a surviving spouse of a veteran who remarries after age 57 retains entitlement to DIC. If a surviving spouse of a veteran remarries after age 57 but prior to December 16, 2003, DIC payments may be reinstated if the surviving spouse applies to the Secretary of the Veterans

Affairs before December 16, 2004. SBP annuities shall continue to be offset for surviving spouses whose DIC entitlement remains payable or is reinstated as a result of remarriage after age 57.

**4. Revise paragraph 480203 to read:**

**480203. Loss of Entitlement to DIC Due to Remarriage After Age 55.** The annuity is reinstated effective as of the date of the loss of the DIC entitlement, adjusted to reflect all cost-of-living adjustments. See subparagraph 460202.D of this volume. See subparagraph 460202.D.3 of this volume regarding annuitants entitled to DIC who remarry after age 57.